

## Message Text

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ACTION EUR-12

INFO OCT-01 EA-09 ISO-00 EURE-00 SSO-00 NSCE-00 USIE-00  
INRE-00 AID-05 CIAE-00 EB-07 FRB-01 INR-07 NSAE-00  
XMB-04 OPIC-06 SP-02 CIEP-02 LAB-04 SIL-01 OMB-01  
DODE-00 PM-04 H-02 L-03 NSC-05 PA-02 PRS-01 SS-15  
STR-04 /098 W

----- 126093 /44

O R 141759Z DEC 76  
FM AMEMBASSY LONDON  
TO SECSTATE WASHDC IMMEDIATE 8748  
TREASURY DEPT WASHDC IMMEDIATE  
INFO AMEMBASSY BONN  
AMEMBASSY PARIS  
AMEMBASSY ROME  
AMEMBASSY TOKYO  
USMISSION EC BRUSSELS  
USMISSION OECD PARIS  
USDOC WASHDC

UNCLAS SECTION 01 OF 02 LONDON 20216

DEPARTMENT PASS FEDERAL RESERVE BOARD

E.O. 11652: N/A  
TAGS: EFIN, UK  
SUBJECT: UU TRADE AND CURRENT ACCOUNT IN NOVEMBER 1976

1. THE DEPARTMENT OF TRADE TODAY PUBLISHED ITS MONTHLY ESTIMATES OF EXTERNAL TRADE AND BALANCE OF PAYMENTS FOR NOVEMBER. THE FIGURES SHOWED A SUBSTANTIAL INCREASE IN THE VISIBLES TRADE DEFICIT WHICH THE DEPARTMENT ATTRIBUTED TO INCREASED OIL IMPORTS. THERE ARE OTHER APPARENT WEAKNESSES IN THE U.K.'S EXTERNAL TRADE, HOWEVER, AS THE VOLUME OF EXPORTS, SEASONALLY ADJUSTED, WAS AT THE SAME LEVEL IN NOVEMBER AS SEPTEMBER, DOWN 2.4 PERCENT FROM OCTOBER. EXTRACTS FROM THE PRESS RELEASE FOLLOW.

2. IN NOVEMBER 1976 THE CURRENT ACCOUNT IS ESTIMATED TO HAVE BEEN IN DEFICIT BY 310 MILLION POUNDS. THE DEFICIT ON TRADE IN GOODS WAS 510 MILLION POUNDS, SEASONALLY ADJUSTED. AND THE BALANCE ON SERVICES AND OTHER CURRENT  
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TRANSACTIONS IS ESTIMATED TO BE RUNNING AT A MONTHLY SUR-

PLUS OF ABOUT 200 MILLION POUNDS.

IN THE THREE MONTHS SEPTEMBER TO NOVEMBER THERE WAS  
A CURRENT ACCOUNT DEFICIT OF WYTE MILLION POUNDS COMPAED  
WITH 627 MILLION POUNDS IN THE PREVIOUS THREE MTNTHSWM

POUNDS MILLIONS

SEASONALLY ADJUSTED

CURRENT VISIBLE BALANCE: INVISIBLE

BALANCE TRADE IN GOODS ZALANCE:

SEVICES WL

OTHE CURRENT

TRANSACTIONS

1974	- WEEWE	- 5220	1897
1975	- 1656	- 3204	15481
1976 1ST QU.	- 33	- 478	445
2ND QU.	- 533	- 1004	471
3RD QU.	- 637	- 1206	569
1976 JUNE	- 180	- 337	157 B
JULY	- 338	- 528	190 B
AUGUST	- 109	- 298	189 B
SEPTWM	- 190	- 3801	1501 "
5852.1	- 154	2A 235	WWPP A
NOV.	- 310	- 2510	200 A
JUNE-AULWMQ	- 2627	2A 1163	536
SEPT.-NOV.	- 653	2A 21243	590

A. THESE FIGURES ARE PROJECTIONS AND ARE SUBJECT TO RE-  
SION AS INFORMATION BECOMES AVAILABLE.

B. ONE-THIRD OF THE APPROPRIATE CALENDAR QUARTER'S ESTI-  
MATE. MONTHLY FIGURES OF INVISIBLES ARE NOT  
AVAILABLE.

3. VISIBLE TRADE. IN NOVEMBER, THERE WAS A DEFICIT OF  
510 MILLION POUNDS, SEASONALLY AEJUSTED; THE VALUE OF EX-  
PORTS WAS 2226 MILLION POUNDS AND THE VALUE OF IMPORTS  
2736 MILLION POUNDS. THE EEFICIT WAS 156 MILLION POUNDS  
GREATER THAN IN OCTOBER, THE RESULT OF A RISE OF 4 MIL-  
LIT POUNDS IN THE VALUE OF EXPORTS AND 160 MILLION IN IM-  
PORTS. UNDERLYING THE INCREASE IN IMPORTS WAS A VERY  
SHARP RISE OF 146 MILLION IN THE VALUE OF IMPORTED CRUDE  
OIL FROM A LOW OCTOBER LEVEL.

THE EXPORT UNIT VALUE INDEX ROSE BY 2 PERCENT BETWEEN  
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OCTOBER AND NOVEMBER AND THE IMPORT UNIT VALUE INDEX BY  
3 PERCENT RESULTING IN A FALL OF 1 PERCENT IN THE TERMS  
OF TRADE INDEX. IN TERMS OF VOLUME, EXPORTS FELL BY 2-1/2  
PERCENT WHILE IMPORTS, DESPITE THE RISE IN OIL IMPORTS,  
WERE LITTLE CHANGED IN TOTAL.

IN THE THREE MONTHS ENDED NOVEMBER, THE VISIBLE TRADE  
DEFICIT WAS 1243 MILLION POUNDS COMPARED WITH 1163 MIL-  
LION POUNDS IN THE PREVIOUS THREE MONTHS. EXPORTS WERE

VALUED AT 6581 MILLION POUNDS, A RISE OF 9 PERCENT COMPARED WITH THE PREVIOUS THREE MONTHS, WHILE IMPORTS, AT 7824 MILLION POUNDS, INCREASED BY 8-1/2 PERCENT. BY VOLUME. EXPORTS ROSE BY 3 PERCENT WHILE IMPORTS WERE 4 PERCENT HIGHER. THE TERMS OF TRADE INDEX FELL BY 1 PERCENT BETWEEN THE THREE MONTHLY PERIODS, THE EXPORT UNIT VALUE

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INDEX RISING BY 5-1/2 PERCENT COMPARED WITH 6 PERCENT FOR THE IMPORT UNIT VALUE INDEX.

INVISIBLE TRADE. THE LATEST ESTIMATE OF INVISIBLES RELATES TO THE THIRD QUARTER OF 1976 WHEN CREDITS ON SERVICES AND OTHER CURRENT TRANSACTIONS WERE 3477 MILLION POUNDS AND DEBITS 2908 MILLION POUNDS, GIVING A SURPLUS FOR THE QUARTER OF 569 MILLION POUNDS. THE RATE AT WHICH THE MONTHLY SURPLUS IS PROJECTED TO BE RUNNING CURRENTLY HAS BEEN REVISED UPWARDS TO 200 MILLION POUNDS.

## 4. VISIBLE TRADE ON BALANCE OF PAYMENTS BASIS

## SEASONALLY ADJUSTED VALUES

(POUNDS MILLION)

	EXPORTS (FOB)	IMPORTS (FOB)	VISIBLE BAL
1974	15,899	21,119	-5,220
1975	18,768	21,972	-3,204
1976 1ST QTR R	5,419	5,897	-478
2ND QTR R	5,992	6,996	-1,004

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3RD QTR R	6,121	7,327	-1,206
1976 JUNE R	2,061	2,398	-337
JULY R	1,949	2,477	-528
AUGUST R	2,039	2,337	-298
SEPT R	2,133	2,513	-380
OCT R	2,222	2,576	-354
NOV P	2,226	2,736	-510
JUN-AUG	6,049	7,212	-1,163
SEP-NOV	6,581	7,824	-1,243
PERCENT CHANGE	9	8-1/2	

R EQUALS REVISED ESTIMATES

P EQUALS PROVISIONAL ESTIMATES;

## 5. INVISIBLE TRADE

## SEASONALLY ADJUSTED VALUES

(POUNDS MILLION)

	CREDITS	DEBITS	INVISIBLE BAL.
1974	10,169	8,272	1,897
1975	11,047	9,499	1,548
1976 1ST QTR	3,057	2,612	445
2ND QTR	3,254	2,783	471
3RD QTR	3,477	2,908	569
OCTOBER		200	
NOVEMBER		200	

## 6. TERMS OF TRADE AND VOLUME INDEX NUMBERS ON A BALANCE OF PAYMENTS BASIS

INDICES 1970 EQUALS 100

VOLUME

(SEASONALLY ADJUSTED)

UNIT VALUE EXPORTS IMPORTS

TERMS OF TRADE

1974	74.6	130.1	135.2
1975	80.8	124.9	125.6
1976 1ST QTR R	81.1	131.6	124.1
2ND QTR R	79.8	137.1	136.7
3RD QTR R	80.0	133.1	137.2
1976 JUNE R	79.8	138.3	137.1
JULY R	79.3	129.9	140.3
AUGUST R	80.5	132.6	131.2

SEPT R 80.2 136.7 140.1  
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OCT	R	79.2	140.1	142.6
NOV	P	78.4	136.7	142.1
JUN-AUG		79.9	133.6	136.2
SEP-NOV		79.3	137.8	141.6
PERCENT CHANGE		-1	3	4

R EQUALS REVISED ESTIMATES

P EQUALS PROVISIONAL ESTIMATES

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**Copy:** SINGLE  
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